

4.28.03

Stakeholder Dialogue Meeting Notes

Attendees:

Dennis Barry, Contra Costa County
Margaret Cavanaugh, City of Alameda
Kristen Clements, Bank of America
Patrick Duffy, ABAG
Stephen Haase, City of San Jose
Eliot Hurwitz, BCDC
Dan Marks, City of Fremont
Sunne McPeak, Bay Area Council
Val Menotti, BART
Andrew Michael, Bay Area Council
Larry Orman
Michele Perrault, Sierra Club
Rachel Peterson
Gerry Raycraft, ABAG
Will Travis, BCDC

Item I – Convene Policy Conversation, Introductions, Agenda review

Agenda goals:

- Revisit memo to OPR and state legislators
- Revisit Policy Consensus Memo
- Discuss recommendations to OPR for Environmental Goals & Policy Report
- Discuss Environmental & Equity Caucus perspectives on infill potential if available

Item II – Review Progress and Issues Identified from Prior Meeting

Incorporated in Item III below.

Item III – Conversation on State Smart Growth Agenda and Policy Concepts

A. Review of memo to Bay Area State Legislative Delegation and Governor’s Office of Planning & Research

-General: Editing comments need to be incorporated. Also need to make sure we’re all working from the same document.

Comments on Policy Concept 1: Lowering voter threshold for infrastructure, especially transportation and housing funds

-Sierra Club doesn’t support lowering voter threshold because of potential vulnerabilities in other political battles; would not sign the memo as is. Would support possible lower thresholds if expenditure of funds were conditioned on strong smart growth standards.

-Local government will drop support if achieving a lower vote threshold means attaching too many strings to the revenue source.

-Would Stakeholders consider submitting the memo without the Sierra Club’s signature? Is the strategy of lowering the voter threshold important enough that the Stakeholders should pursue it

without Sierra Club support? Concept likely to be brought before voters anyway; could be a moot point.

Comments on Policy Concept 2: Fiscal changes to reward housing production

-Local government makes provisions for housing – not a producer of housing per se. So this could end up rewarding sprawl because edge communities tend to have high levels of housing production.

-Bank of America: Lending is based on feasibility of the project, not necessarily on smart growth criteria. Example of how a revenue source could reward housing development pattern that isn't smart growth.

-Environmental E: The policy statement is too broad if the phrase "housing needs" is intended to include all housing. It should emphasize infill.

-Economic E: We have engaged in constant debate about meeting housing needs through infill and refill – we thought that Stakeholders had reached agreement about meeting housing needs in a variety of ways. A realistic scenario would include: infill + refill + some greenfields development. Otherwise we could be setting up a situation in which some edge communities will not have to build any new housing.

-Environmental E: If the policy concept includes some greenfields development then enviros won't sign.

Process Q:

What is the definition of infill Stakeholders are using?

Response:

Development on land that is vacant or land that is being redeveloped within an existing urbanized area.

Consensus proposal for fiscal changes to reward housing production:

To achieve greater clarity, distinguish between revenue types:

1. Property tax: Return a greater share of property taxes to local jurisdictions with no strings attached.
2. Fees, special taxes, other revenue: Use to create incentives to reward production of smart growth infrastructure and amenities.

Results of consensus proposal:

1. All Stakeholders agree on concept of returning a greater share of property taxes to local jurisdictions.
2. Stakeholders hold varying positions on concept of rewards for smart growth infrastructure and amenities, depending on what the revenue source is, how stable or vulnerable to recall (eg, the Vehicle License Fee) it is, what the development standards are, and whether local jurisdictions will be penalized for not meeting standards.

Proposals to change memo language:

1. To the degree that funds are available, emphasize infill development (Bay Area Legislative Memo, page 2, bullet 2)

2. Support the “accommodation” of sufficient housing to meet the region’s needs (Ibid, page 2, bullet 2)

Comments on memo language proposal:

-Local government: The question isn’t a battle between infill and edge as much as getting cities to comply with housing production at all. If language reads “accommodation”, then what’s the incentive or penalty to comply?

-Local government response: A fiscal reward would add to the city’s General Fund, then the city could use it to produce more housing and neighborhood amenities.

-Counter-response: Under any of these proposals, state revenue only with production. Stakeholders must realize that in order for production to happen, preconditions must be set in the General Plan & zoning that will allow the market to operate.

Proposal to change memo language back from “accommodation” to “production”:

1. “Provide revenue to increase housing production with an emphasis on incentivizing or facilitating infill development.” (Bay Area Legislative Memo, page 2, bullet 2)

Comments on memo language change:

-We are simplifying the bullets in the Legislative Memo but the devil will be in the details behind them. What are we really saying with these broad statements?

-Local government: Stakeholders have a basic strategic problem if we treat housing as the linchpin of smart growth. Infill exacerbates deficits in infrastructure, therefore neighborhoods are saying “No” to more housing. Smart Growth arguments based on housing alone aren’t convincing neighborhoods – cities need to sweeten the pot with additional neighborhood amenities.

Strategic Q:

What about using county transportation sales tax reauthorization funds for smart growth activities? The strategy has been used by the Transportation & Land Use Coalition and the expenditure planning committees in several counties are considering set-asides for housing and smart growth planning. It’s a source of revenue in an otherwise bleak economic situation.

Responses:

-In Contra Costa County, setting aside funds for housing or smart growth planning is a big debate right now.

-Sales tax funds won’t help if cities & counties don’t zone or designate sufficient land for housing.

-Other factors are at work too: expense of land, fees levied by the city, lengthy approval processes.

General comments about barriers to housing production:

-Local government: San Jose has a number of sites zoned for housing that aren’t being applied for. City is starting to engage infill developers about why they’re not applying for available sites – expense of the land is the likely problem. San Jose is ready to ask developers what they need, eg a new neighborhood park, in order to make sites viable. Which brings us back to the debate about using state & local funds as incentives.

-Local government: The experience of San Jose raises a question: Why raise the bar on production standards if the market isn't delivering housing now, during a weakened economy? Raising the bar means that edge communities could reap the benefits of housing production rewards because the market is delivering there.

Process comment:

We have two worldviews in the room: Sustenance of Growth vs. Quality of Life

1. Sustenance of Growth: Some Stakeholders believe that we must provide adequate housing in order to progress as a region – it is the linchpin of Smart Growth.
2. Quality of Life: Other Stakeholders believe that while housing is important, so are livable neighborhoods – and so Smart Growth efforts should focus on more than housing.

-We don't know which approach is the right one. If we focused solely on housing as the linchpin, would we actually produce any affordable housing? If we focus on livable neighborhoods, will we end up creating enclaves of privilege?

-Currently, low-income neighborhoods are so far behind that they are vulnerable to the addition of higher density and more affordable housing without the amenities that they also need and deserve.

Memo language proposal:

Add fourth bullet on page 2:

“Incentivize community services and amenities, such as quality education, sufficient parks and open space, public safety, etc...”

Response:

Communities want these things already – the provision of amenities doesn't need its own advocacy group. What needs an advocacy group is the fact that these amenities must be part of a package deal with housing production.

General process comments:

- Frustration with not moving forward
- Frustration with jumping between very general language that doesn't mean anything and language that's so specific that Stakeholders can't reach agreement.
- Frustration that larger debates can't get resolution, therefore can't reach agreement about more specific proposals.

B. Review of memo: State Smart Growth Agenda for Consensus Consideration

What are the individual Caucus perspectives on the list of policy proposals? (List of 4 incentive programs and 4 regulatory reforms generated by ULI presentation at the April 7 Stakeholder meeting.)

Responses:

-Stakeholders still have disagreement about specific proposals. Therefore, we should stick to broad concepts in our communication to legislators. If we get into specifics we'll paralyze ourselves.

-But if we stay general, what will our strategy be in working with legislators and OPR?

-The Bay Area has the easiest challenge compared to other California regions: lower rate of growth, lower total number of new people, high environmental consciousness. Our Stakeholder group ought to be able to reach consensus.

Policy memo language suggestions:

Memo needs to differentiate among items that have different levels of agreement:

“All of our members agree that...”

“Many of our members of agree...”

“Some of our members of agree...”

OR

Note each group’s position (Support, Oppose, No Position) after each policy concept

Process Q: What’s the origin of this policy memo?

Response:

Greenbelt Alliance and NPH suggested reaching agreement on specific bills. The conversation expanded to discuss broader concepts because bills are highly subject to change during the legislative process. We need a process by which the Caucuses clearly state their concerns and issues related to the list of 8 concepts in the memo.

Next steps:

1. Each Caucus reviews and discusses 8 policy concepts and comes to May 12 meeting with positions, caveats, comments, etc.
2. At May 12 Stakeholder meeting:
 - Reach general agreement on as many of 8 policy concepts as possible.
 - Reach “should explore” or other tentative agreement on remaining policy concepts and/or other specific policy ideas.
3. Post May 12 meeting:
 - Send communication to OPR and Bay Area Legislative Delegation
 - Decide whether to continue Stakeholder meetings
 - Establish work plan to work with OPR staff on Environmental Goals & Policy report

Final Stakeholder Dialogue meeting: Monday, May 12, 5 – 8 pm, Sierra Club (to be confirmed)